TREASURY DEPARTMENT
WASHINGTON, D. C.

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EXCERPTS FROM REMARKS
BY THE HONORABLE EVA ADAMS
DIRECTOR OF THE MINT
BEFORE THE
EXECUTIVES CLUB OF CHICAGO
CHICAGO, ILLINOIS

12:30 P. M. CST
FRIDAY, NOVEMBER 3, 1967

Increased Coin Production

We in the Mint always like to feel that we enjoy a very close relationship with the public because our products are so dear to all of you.

And whether you realize it or not, each and everyone of you do play an important role in the minting of United States coins. Our most recent statistics point to the fact that the United States is producing over 40 percent of all the coins made in the free world.

I would like to mention that I have just had the pleasure of visiting the Mints in several European countries, and I can tell you that while I was tremendously impressed with their facilities, I am convinced that ours is the most efficient and economical coin producing industry of all.

Our production figures reflect a two-fold purpose. First of all, we have produced sufficient coin to overcome a nationwide coin shortage. And I don't have to tell any of you the effect a coin shortage has on a nation, because you here in the Chicago area were one of the first to feel the effects when it all began as far back as 1963.

I can promise you that our coin production will and must keep pace with a continually growing and expanding economy. As you know, beginning this month, we are witnessing the longest recession-free expansion of the history of the United States economy. An adequate supply of coin is a prime ingredient necessary for this continued expansion.

Second, our production figures reflect the change-over from the 900 fine silver coins to the cupro-nickel clad coins.

When the Coinage Act of 1965 was passed authorizing the new clad coins, the policy of the Treasury was that the Bureau of the Mint should produce as many of the new coins in fiscal 1966 and fiscal 1967 as possible, with a view to replacing all outstanding subsidiary silver coins that were necessary during a 2-1/2 year period.

Now let's look at what has been done. From July, 1964 to July, 1967, we produced over 24.9 billion coins. As for clad coins alone, we made over 355 million halves, 3.5 billion quarters and 4.6 billion dimes.

While the emphasis was on clad coins, we did not neglect production of minor coin, nickels and cents. Production of cents in calendar 1966 increased about 20 percent over 1965.

All of the extra effort undertaken to achieve record production levels at the Philadelphia and Denver Mints, plus assistance from the San Francisco Assay Office, has let us develop ample coin inventories for all denominations but half dollars.

According to reports reaching my desk, I can now assure you that the coin shortage is over, and despite the heavy demands during the coming holiday season, we have enough coin to go around.

On the basis of coin production and the success of the clad coins in circulation, the Treasury and the Federal Reserve Banks have been able for some time to accumulate circulated coin in inventory, while releasing newly-produced clad into circulation. The Treasury and the Federal Reserve plan to separate this circulated coin, with the clad returning to circulation and the silver going into Mint inventory. As you have probably read, the Treasury is considering melting some of these coins beginning next year.

I would like to add here that without the excellent cooperation from the Federal Reserve System, the Mint could not have produced and circulated the clad coins in sufficient quantities to eliminate the acute shortage in such a short period of time. The Federal Reserve is continuing this cooperation with our coin program.

We are at the present time awaiting delivery of machines to do the separating by using the latest available electronic equipment.

We expect to recover over 250 million ounces of silver from these 900 fine coins by the middle of next year. Added to the estimated amount remaining after the demonetization of silver certificates, the Treasury should have between 350 to 425 million ounces of silver on hand by next June 24.

The President's Joint Commission on the Coinage, of which I am a member, is keeping a close watch on the coinage and silver situation. As you know, this Commission has already made a number of recommendations concerning silver policy which have been put into effect.

Any reference to our clad coins would not be complete without acknowledging the assistance given us by private industry. In fact, many of the steps preliminary to the actual striking of the coin are being done outside of the Mint.

In order to manufacture the clad strip, our contractors separately prepare the cladding and the core from materials supplied them from the Government stockpile.

The processes used in bonding vary from company to company. Perhaps one of the most unique is employed by one of our contractors who joins the core and the two clad strips together through explosion.

After the new Mint in Philadelphia is completed sometime in 1968, we will have our own facilities for the bonding of the clad strip; at the present time, we do not.

The process we will use is known as cold-roll strip bonding. The two strips of cladding and the core will be fed through a cold-rolling mill and bonded together by speed and pressure, eliminating the use of heat.

It is interesting to note that the development of the clad metal composite strip used in the production of the 40 percent silver half dollar has its roots in the practices employed in the manufacture of Sheffield plate. About 1750, British craftsmen had discovered that silver sheets could be bonded to a core of copper, without the use of solder, and subsequently the bonded material could be readily rolled and shaped.

The use of clad materials in this country is not peculiar to United States coinage. For some time, clad materials have been used in thermostats, motor controls and various electrical devices. But the success of our clad coins has given industry the platform it needed to branch out into other areas. In fact, it is estimated that the potential market in this country for clad materials approaches $1 billion a year.

Our use of cladding makes it possible to meet basic coinage requirements. So that the new coins would possess the same electrical resistivity as the former homogeneous silver-copper alloy coins, a vital requirement for vending machine use, it was necessary that clad coins be used. For the half dollars both the cladding and the core is composed of silver-copper alloys, and for the quarter and dime, the cladding is an alloy of copper and nickel, with a pure copper core, to achieve the electrical resistivity factor.

In fiscal year 1967, the Mint made over $834 million in revenue on the production of some 9 billion coins. The revenue derived from the production of coinage is known as seigniorage and it is the difference in the face value and the cost of the metal in the coin. The seigniorage is deposited in the General Fund of the Treasury under miscellaneous receipts. We obtain annual appropriations for operating expenses.

Before I close, I would like to say a few more words about the new Philadelphia Mint. This new Mint has been tagged the "jet-age Mint" and this may be a very appropriate appelation. It will be the most modern, as well as the largest, Mint in the world.

The capacity of this facility, 8 billion coins a year if necessary, should be a joy to behold to all of you who are vitally interested in a large supply of coins. Now, we in the Government are used to talking glibly

about millions and billions, but let me put this figure into a less astronomical context. When the new Mint comes "on stream", we will be able to make 1 million coins an hour, or almost 300 a second.

While we have had some major delays at the new Mint, we do expect to have it in full operation in 1969.

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